

Message Text

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64

ACTION XMB-04

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FM AMEMBASSY TANANARIVE

TO SECSTATE WASHDC 6648

INFO AMEMBASSY NAIROBI

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E.O. 11652: N/A

TAGS: EFIN, EMAE, MA, US

SUBJECT: EXPORT-IMPORT BANK INTEREST OF MALAGASY MINISTER OF
RURAL DEVELOPMENT

NAIROBI FOR TANANARIVE ECONOFF DE SANTILLANA

BEGIN SUMMARY: MALAGASY MINISTER OF RURAL DEVELOPMENT
INTERESTED IN EXIMBANK CREDIT FACILITIES FOR 4-MILLION
DOLLAR PURCHASE OF HEAVY LAND-CLEARING EQUIPMENT FOR
AGRICULTURAL PROJECTS AND COTTON GINNING MILL EQUIPMENT.
PROPOSAL FOR U.S. LAND-CLEARING EQUIPMENT RESULTS DIRECTLY
FROM CU-FUNDED LEADER GRANT TO CHIEF AGRICULTURAL
MACHINERY SERVICE IN THIS MINISTRY. END SUMMARY.

1. MINISTER RURAL DEVELOPMENT RAKOTOVAHINY ASKED ME
CALL OCT 22 TO INQUIRE ABOUT POSSIBILITY OF OBTAINING
EXIM FINANCING FOR 4-MILLION DOLLAR PURCHASE FOR HIS
MINISTRY, TWO-THIRDS FOR HEAVY LAND-CLEARING EQUIPMENT
FOR NEW AGRICULTURAL PROJECTS AND ONE-THIRD FOR REPLACING
EXISTING COTTON GINNING EQUIPMENT OF AMERICAN ORIGIN IN
TWO MILLS.

2. I REPLIED THAT, WHILE DEMANDS FOR EXIM SUPPORT HAVE
GROWN AND EXIMBANK HAS THEREFORE HAD TO BECOME MORE
SELECTIVE IN ITS CREDITS, I THOUGHT THERE OUGHT TO BE
GOOD CHANCE OBTAIN FAVORABLE EXIM CONSIDERATION OF CREDIT
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REQUEST FROM HIS MINISTRY FOR SUCH PROJECTS. I

OUTLINED LATEST EXIM TERMS (STATE 153022) AND GAVE HIM FRENCH OUTLINE OF PROCEDURES FOR SUBMITTING WRITTEN REQUEST TO EXIM.

3. HE ASKED HOW LONG EXIM CONSIDERATION WOULD TAKE. I REPLIED I DID NOT KNOW PRECISELY, BUT EXPERIENCE INDICATES EXIM PROCESSING REQUIRES MUCH SHORTER TIME THAN THAT OF WORLD BANK. I SAID I WAS CONVINCED THAT, IF GOMR HAD TURNED TO EXIM RATHER THAN WORLD BANK FOR ROGEZ HYDROELECTRIC PROJECT WHEN IT WAS FIRST MENTIONED TWO YEARS AGO, PROJECT WOULD HAVE BEEN WELL UNDER WAY BY NOW, AND AT ONLY FRACTION OF ITS EVENTUAL COST IN VIEW OF INFLATION SINCE WORLD BANK STILL HAS PROJECT UNDER STUDY. MINISTER GOT THE POINT.

4. COMMENTS:

(A) I BELIEVE WE CAN PROBABLY EXPECT FORMAL REQUEST FOR EXIM CREDIT FOR TWO PROJECTS MINISTER HAS IN MIND. IF SO, IT WILL BE FIRST TIME GOMR HAS TURNED TO EXIMBANK FOR FINANCING, AND WILL THUS REPRESENT SUCCESS IN EMBASSY TWO-YEAR EFFORT PROMOTE INCREASE IN AMERICAN EXPORTS TO MADAGASCAR BY GETTING GOMR TO THINK SERIOUSLY ABOUT EXIM FACILITIES. I HOPE THEREFORE THAT EXIM WILL BE PREPARED RESPOND TO THIS EXPECTED FIRST MALAGASY REQUEST WITH AS FAVORABLE TERMS AS POSSIBLE, PARTICULARLY IN VIEW CONTINUED CREDIT-WORTHINESS OF MADAGASCAR.

(B) I ALSO WISH POINT OUT THAT MINISTRY RURAL DEVELOPMENT INTEREST IN PURCHASE HEAVY AMERICAN LAND-CLEARING EQUIPMENT IS DIRECT OUTGROWTH OF CU FUNDING OF LEADER GRANT VISIT TO U.S. IN AUG-SEPT BY CHIEF AGRICULTURAL MACHINERY SERVICE RAKOTOVAO. LATTER CALLED AT EMBASSY LAST WEEK TREMENDOUSLY ENTHUSIASTIC ABOUT VISIT TO U.S. AND ABOUT POSSIBILITIES FOR APPLYING TO MADAGASCAR'S ECONOMIC DEVELOPMENT WHAT HE HAD SEEN IN U.S. MINISTER EXPLICITLY TOLD ME THAT PROPOSAL TO BUY U.S. LAND-CLEARING EQUIPMENT DIRECTLY RESULTS FROM THAT VISIT.
MENDENHALL

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